

# Fiscal Note

State of Alaska  
2022 Legislative Session

Bill Version:	SCS CSHB 41(FIN)
Fiscal Note Number:	9
(S) Publish Date:	2/1/2022

Identifier: HB041CS(FIN)-DOR-TAX-1-28-22  
Title: SHELLFISH PROJECTS; HATCHERIES; FEES  
Sponsor: ORTIZ  
Requester: (S) Finance

Department: Department of Revenue  
Appropriation: Taxation and Treasury  
Allocation: Tax Division  
OMB Component Number: 2476

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2023 Appropriation Requested	Included in Governor's FY2023 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2023	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Fund Source (Operating Only)

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Positions

Full-time							
Part-time							
Temporary							

## Change in Revenues

None	***		***	***	***	***	***
<b>Total</b>	<b>***</b>	<b>0.0</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>

**Estimated SUPPLEMENTAL (FY2022) cost:** 0.0 (separate supplemental appropriation required)

**Estimated CAPITAL (FY2023) cost:** 0.0 (separate capital appropriation required)

**Does the bill create or modify a new fund or account?** No  
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes  
If yes, by what date are the regulations to be adopted, amended or repealed? 02/28/23

## Why this fiscal note differs from previous version/comments:

Updated to account for current regulations project setting an assessment rate for a fishery for 2022.

Prepared By: Nicole Reynolds, Deputy Director and Dan Stickel, Chief Economist  
Division: Tax Division  
Approved By: Eric DeMoulin, Administrative Services Director  
Agency: Department of Revenue

Phone: (907)269-6736  
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REPORTED OUT OF  
SFC 02/01/2022

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2022 LEGISLATIVE SESSION

## Analysis

**Background**

This bill provides for a common property shellfish fishery classification in a special harvest area, and specifies fishermen participating in this fishery would be subject to the payment of an assessment either on the projected value of the shellfish or on the pounds of shellfish harvested.

Cost recovery, when implemented under the common property fishery, imposes an assessment on all commercial fishermen participating in the common property fishery. The assessment is to be collected by the Department of Revenue (DOR) Tax Division and deposited into the general fund for appropriation back to the hatchery permit holder. Funds may also be appropriated to DOR for costs incurred to implement and administer the assessment.

New AS 16.12.090(d) provides that DOR may, by March 1 of each year, set the assessment rate by regulation and in consultation with the Department of Commerce, Community, and Economic Development (DCCED), the permit holder, and the affected commercial fishermen. The statute directs that the assessment shall cover debt service, operating expenses, and a reserve fund.

In accordance with statute, it is anticipated that in setting a common property fishery assessment DOR will annually:

1. Analyze financial data to establish or verify historical operating costs;
2. Review forecasted hatchery returns (pounds) and price information for the upcoming season from various sources to determine market trends;
3. Promulgate annual regulations for the assessment; and
4. Provide filing instructions, filing, and payment of the Common Property Fishery through Revenue Online.

The common property shellfish fishery assessment provisions of this bill would take effect 90 days after the bill is signed into law since this bill does not provide for another effective date for these provisions.

**Revenue Impact**

The revenue impact of this bill cannot be determined at this time.

Previously, DOR had established a common property fishery assessment for one fishery in the calendar years 2012 –2016, and the Department is in the process of setting a rate by regulation for another fishery for calendar year 2022. Based on the projection by the Department of Fish and Game (DFG) of two to three applications per year, the revenue impact of this proposed legislation is expected to be minimal. All revenue would be considered "Other Restricted" as it is intended for appropriation back to the hatchery permit holder.

**Implementation Cost**

This bill would not require the Department of Revenue to make material changes to its Tax Revenue Management System (TRMS). Therefore, there would be no cost to the Department of Revenue for implementation. After the implementation of the changes, this bill would cause a small additional administrative burden on the Tax Division.